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INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE IMMEDIATE
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RUEAIIA/CIA WASHDC IMMEDIATE
RUCPDO/DEPT OF COMMERCE WASHDC IMMEDIATE
RUEHC/DEPT OF LABOR WASHDC IMMEDIATE
RHEFDIA/DIA WASHINGTON DC IMMEDIATE
RUEIDN/DNI WASHINGTON DC IMMEDIATE
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE
RUEHTG/USDAO TEGUCIGALPA HO IMMEDIATE
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SUBJECT: BUS OWNERS STRIKE OVER SUBSIDIES

¶1. (U) Summary: After a bus strike that slowed traffic in Tegucigalpa on December 14, the de facto government and Congress agreed to the bus owners' demand for payment of \$3.7 million in subsidies promised by the Zelaya administration but not included in the budget. Petroleum transport workers have also threatened to strike. President-elect Pepe Lobo has vowed to review the government's many subsidies, which are often inefficient and of little benefit to the people they are supposed to help. End summary.

¶2. (U) Tegucigalpa bus drivers went on strike on December 14 to protest the government's failure to pay subsidies promised by the Zelaya administration. According to strike organizers, about 1,800 buses took part in the strike. About 100,000 Tegucigalpa workers were affected. While the organization had promised that the striking drivers would park their buses in the right hand lane, allowing traffic to flow, traffic came to a halt in a number of areas. (In the past, striking bus drivers have sometimes deliberately blocked major arteries, bringing traffic to a complete halt in large parts of the city.)

¶3. (U) The strike was organized by several groups of bus owners. While a few drivers own their own buses, most buses are owned by companies that range widely in size from small businesses to large companies. The buses themselves range from minibuses to larger vehicles, many of which are used U.S. school buses. Many buses are in poor condition, and they tend to be overcrowded, since drivers' pay depends on the number of fares they collect. Passengers, who tend to be lower- and middle-class workers, pay a fare of three Lempiras (about 15 cents U.S.).

¶4. (U) Mario Villela, the director of the minibus association, told the press that the government was 70 million Lempiras (approximately \$3.7 million) in arrears on a subsidy President Zelaya had promised that the government would pay in exchange for an agreement by the bus owners not to raise fares. Villela said that the government had paid the association in 2008 but that no payment was made in 2009, due to the June 28 coup d'etat and subsequent political crisis. The minibus association's president, Jaime Ventura, told the press that association had talked with the de facto government about the issue in the past, but no payment had been made. The bus owners are also asking for a ten-year moratorium on the issuance of new licenses in order to reduce what they see as excessive competition, although this issue is a less immediate concern. Many bus passengers quoted in the press were unsympathetic to the owners' plight, noting

the poor condition of the buses and complaining of poor treatment by the drivers.

¶5. (U) De facto government officials pointed out that the subsidies were not included as a line item in the budget and were not approved by Congress, so they could not be regarded as binding government commitments. Nevertheless, de facto president Roberto Micheletti said that the government would provide the money if Congress approved the expenditure, which it did during a December 15 session. The bus owners had threatened to resume the strike if Congress did not resolve the issue to their satisfaction by the end of that day, and also said that they would double the bus fare if their concerns were not addressed.

¶6. (U) The strike appears to have inspired other transportation sectors to consider similar actions. According to news reports, the president of the fuel transport workers' association, Luis Edgardo Melendez, announced that members of his association would go on strike if the government did not raise the rates they were paid, which he said had not been adjusted in five years. Taxi organization leaders had threatened to strike in solidarity with the bus drivers if their concerns were not addressed.

¶7. (SBU) Comment: The Micheletti regime and Congress acted quickly to address the bus owners' concerns, possibly due to a desire to avoid civil unrest in the short time remaining until President-elect Pepe Lobo takes over on January 27. One critic of the regime put forth another theory, asserting that a number of politicians have financial interests in bus companies and may have even quietly encouraged the strike. While we have no way of assessing this assertion, we note that Micheletti owns a bus company. Lobo has vowed to review the government's many subsidy programs, many of which are inefficient and of limited benefit to the people they are supposed to help. End comment.

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